

HOLDSPORT LIMITED

Unaudited interim condensed consolidated results for the half-year ended 31 August 2013

Sales
↑ 5.0% to
 R630.9 million

Operating profit **↑ 3.5%**
 to R94.1 million

Core headline earnings per share **↑ 3.8%**
 to 163.1 cents

Interim gross dividend
increased
to 75 cents
per share



GROUP OVERVIEW

The Holdsport Limited group comprises the retail divisions Sportsmans Warehouse and Outdoor Warehouse and Performance Brands, a wholesale business that includes the First Ascent and Capestorm brands.

Despite the challenging retail environment total sales increased 5.0% to R630.9 million and retail sales increased 4.9% to R600.0 million.

Operating profit increased 3.5% to R94.1 million. Core headline earnings amounted to 163.1 cents per share, a 3.8% increase on the comparable period.

During the current period the aggregate foreign exchange adjustment was a profit of R1.2 million compared to an aggregate loss of R2.5 million during the prior period. Core headline earnings excluding the effect of foreign exchange adjustments was 161.2 cents per share (first half 2013: 161.3 cents per share).

TRADING DIVISIONS

Sales for the various trading divisions were as follows:

	Number of stores	Sales R'm	Increase in sales %
Sportsmans Warehouse	35	458.1	5.9
Outdoor Warehouse	19	141.9	1.8
Retail sales	54	600.0	4.9
Performance Brands	-	30.9	6.1
Total sales	54	630.9	5.0

Like-for-like retail sales grew by 2.5% while the retail divisions experienced price inflation of approximately 4.6% for the period. The weighted trading area increased by 6.2% relative to the prior corresponding period.

The **Sportsmans Warehouse division** is now trading out of 35 stores and will open one new store in Sea Point and expand three stores in the second half of the year. Like-for-like sales increased by 3.4%.

The **Outdoor Warehouse division** currently trades from 19 stores and opened a further store in Rondebosch on 14 September 2013. Like-for-like sales decreased by 1.4%.

Performance Brands achieved R30.9 million of external sales, a 6.1% increase from the previous period.

CAPITAL EXPENDITURE

Holdsport successfully completed and moved into its new retail distribution centre during the period. Performance Brands commenced with construction of an additional warehouse which will be completed at the end of the year. The group incurred R32.8 million on its distribution projects in this period and anticipates spending approximately R8.8 million in the second half of this year.

The group incurred R12.8 million in maintaining and expanding its retail operations and anticipates spending a further R30.7 million in the second half of the year.

CASH FLOW

Holdsport repaid loans of R124.3 million to Standard Bank during the period and replaced them with a R130 million loan from the FirstRand Group, repayable by 31 August 2016. The group's net debt amounted to R153.6 million at the end of the current period compared to R156.8 million in the prior period.

The total investment in working capital increased by 11.2% as a result of the increase in trading space and the effect of the weaker exchange rate on the cost of imported stock.

During the period the group purchased and awarded R5.9 million of Holdsport shares in terms of and subject to the rules of the 2011 Holdsport Forfeitable Share Plan ("FSP"). The forfeitable share plan is expensed over the vesting period and the expense of R3.3 million for the current period is R1.4 million higher than the prior period.

PROSPECTS

We expect trading conditions to remain challenging for the remainder of the year but, as always, the second half is heavily dependent on Christmas trading, which will largely determine the performance of the group in the second half and for the year.

The group signed lease agreements for a further two new stores to be opened in the next financial year and are evaluating other opportunities.

INTERIM DIVIDEND ANNOUNCEMENT

The directors declared an interim gross dividend of 75.0 cents per share in line with the dividend policy of the group to have dividends covered approximately twice by the core headline earnings for the year.

The dividend is payable on Monday, 9 December 2013 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 6 December 2013. The last day to trade ("cum" the dividend) in order to participate in the dividend will be Friday, 29 November 2013. The Holdsport Limited ordinary shares will commence trading "ex" the dividend from the commencement of business on Monday, 2 December 2013 and the record date, as indicated, will be Friday, 6 December 2013.

FULL ANNOUNCEMENT

Shareholders are advised that this short-form announcement represents a summary of the information contained in the full announcement, published on SENS on Friday, 11 October 2013.

Any investment decision by investors and/or shareholders should be based on consideration of the full announcement, which is available for viewing on SENS or on the company's website at www.holdsport.co.za.

The full announcement is also available for inspection, at no charge, at the registered office of Holdsport (The Mill House, 1 Canterbury Street, Cape Town, 8001) and at the offices of its sponsor, UBS South Africa (64 Wierda Road East, Wierda Valley, Sandton, 2196), during normal office hours. Investors and/or shareholders may request copies of the full announcement from the company secretary.

The contents of this short-form announcement are the responsibility of the directors of Holdsport.

Signed on behalf of the board

S MULLER
 Chairman

Cape Town
 11 October 2013

K HODGSON
 CEO

SUMMARISED FINANCIAL RESULTS

	6 months ended 31 August 2013 Unaudited R'000	6 months ended 31 August 2012 Unaudited R'000	Year ended 28 February 2013 Audited R'000
Sales	630 985	601 217	1 374 531
Operating profit	94 059	90 855	243 290
Profit after tax	64 384	61 805	168 516
Gross profit (%)	48.3	48.5	47.8
Net working capital*	277 299	249 338	243 315
Net debt*	153 569	156 827	87 998
Property, plant and equipment	130 301	70 567	98 282

* Net working capital = Inventories + Trade and other receivables - Trade and other payables

Net debt = Loans + Bank overdraft - Cash balances

EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

	6 months ended 31 August 2013 Unaudited	6 months ended 31 August 2012 Unaudited	Year ended 28 February 2013 Audited
Earnings per ordinary share (cents)			
- Basic	149.2	143.2	390.5
- Headline	148.4	143.0	389.9
- Core headline	163.1	157.1	415.7
- Core headline before foreign exchange effect	161.2	161.3	418.7
Ordinary shares in issue ('000)	43 150	43 150	43 150
Weighted average ordinary shares in issue ('000)	43 150	43 150	43 150
Net asset value per ordinary share (cents)	1 897.5	1 697.0	1 884.3
Net tangible asset value per ordinary share (cents)	588.3	366.2	564.2

CORE HEADLINE EARNINGS

The group uses core headline earnings as a consistent measure of performance for management purposes. Core headline earnings exclude exceptional once-off costs and the amortisation of trademarks, fair value adjustments to loans and the lease straight-lining expense, and are presented below:

	6 months ended 31 August 2013 Unaudited R'000	6 months ended 31 August 2012 Unaudited R'000	Year ended 28 February 2013 Audited R'000
Basic earnings	64 384	61 805	168 516
Adjusted for (net of taxation):			
Profit on sale of assets	(309)	(71)	(257)
Headline earnings	64 075	61 734	168 259
Adjusted for (net of taxation):			
Amortisation of intangibles	4 667	4 667	9 333
Straight-lining of leases	1 661	1 424	1 786
Core headline earnings	70 403	67 825	179 378
Adjusted for (net of taxation):			
Foreign exchange (gains)/ losses	(1 014)	1 333	(332)
Foreign exchange adjustments in cost of sales	176	459	1 636
Core headline earnings before foreign exchange effect	69 566	69 617	180 682

DIVIDEND PER SHARE

	6 months ended 31 August 2013 Unaudited	6 months ended 31 August 2012 Unaudited	Year ended 28 February 2013 Audited
Dividend declared per share (cents)			
- Interim	75.0	70.0	70.0
- Final			130.0
Total dividend	75.0	70.0	200.0
Dividend cover (by core headline earnings)	2.2	2.2	2.1

Holdsport Limited

("Holdsport" or "the company" or "the group")

Registration number: 2006/022562/06

Share code: HSP | ISIN: ZAE000157046

Registered office: The Mill House, 1 Canterbury Street, Cape Town 8001

Executive directors: KG Hodgson, B Moritz, JP Loubser

Non-executive directors: SA Muller (Chairman), B Hopkins, C Sonn, M Vilakazi

Company secretary: AE van Zyl

Transfer secretaries: Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001

Sponsor: UBS South Africa (Proprietary) Limited

To view the full results online visit www.holdsport.co.za

Sportsmans Warehouse
 winning starts here!

PERFORMANCE BRANDS

OUTDOOR WAREHOUSE
 For Every Adventure!